

Director of Central Intelligence



Special National Intelligence Estimate

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Implications of an Iranian Victory

Key Judgments

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SNIE 34/36.2-2-86W
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IMPLICATIONS OF AN IRANIAN VICTORY

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SCOPE NOTE

This Estimate does not address the question of who will win the Gulf war and does *not* predict an Iranian victory. It looks only at the implications of a victory *should* it occur within the next two years. It addresses the impact of a victory on Tehran's future policies and strategies, the stability and foreign policies of Arab states, political alignments in the Middle East, Soviet strategies and actions, and US political, economic, and security interests. For an Estimate on the outcome of the Gulf war see SNIE 34/36.2-86 (S [redacted] April 1986, *Is Iraq Losing the War?* [redacted])

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KEY JUDGMENTS

An Iranian "victory" in the war with Iraq would mean an official end to the fighting after at least minimum Iranian demands have been met: removal of Iraqi President Saddam Husayn, Baghdad's acknowledgment of guilt for starting the war, and possibly the payment of war reparations. There are a range of victory scenarios, up to a "total" victory in which Iran would effectively occupy most or all of Iraq, with an Iranian-controlled government ruling in Baghdad. Within this range of scenarios, Iran could occupy significant areas of Iraqi territory, and could install a puppet Shia government in occupied areas of southern Iraq, effectively dismembering the current Iraqi state. A limited Iranian victory is the most likely of these scenarios; a total victory is highly unlikely. We make no judgment as to the likelihood of these scenarios in relation to a continued stalemate in the war, or an Iraqi victory; these are considered in other Estimates. []

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We judge that any Iranian victory would enhance Iran's regional influence, strengthen the forces of Islamic fundamentalism, increase prospects for domestic unrest in several Arab states, shift regional attention to the Arab-Israeli conflict, possibly affect the reliable flow of Persian Gulf oil, be a setback to both US and Soviet interests in the Middle East, and increase superpower competition for ultimate influence in Tehran. The extent of the impact in each of these areas would be directly related to the magnitude of Iran's victory. []

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Limited Victory

A post-Khomeini Iranian regime is more likely to accept a limited victory. So long as Ayatollah Khomeini wields effective power, he is likely to press for a conclusion to the war more closely resembling the total victory scenario. Limited victory would be followed by an unstable peace, with both sides maintaining large military forces along their common border. Clashes on the border would be frequent, with large-scale incidents likely to occur. []

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Iran. A limited victory would initially increase popular support for the clerical regime in Tehran and strengthen the position of the hardliners. An end to hostilities would lead to some improvement in Iran's economy within six to 12 months, but the Iranian leadership would find it difficult to justify continued hardship and sacrifices. Over time, chronic domestic problems would be likely to threaten the regime's position. []

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Tehran is unlikely to unleash its military against other states in the region following a limited victory. While we cannot entirely discount an Iranian military move against Kuwait, Tehran would be more likely to use intimidation, subversion, and even terrorism to achieve its longer term objective of toppling the politically moderate and pro-Western regimes of the Gulf. []

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Iran's fundamental foreign policy objectives would remain revolutionary, designed to expel superpower influence from the Middle East and to set up fundamentalist Islamic regimes throughout the region:

- Iran almost certainly would shun close relations with the United States and the Soviet Union, pursuing a nonaligned foreign policy.
- Nonetheless, Tehran's priority on strengthening itself militarily and economically would lead Tehran to improve ties to some Western states and perhaps also to Moscow to buy advanced weapons and high-technology items.
- Tehran would work to maintain its ties to radical states like Syria and Libya and radical organizations like Hizballah in Lebanon, seeing them as useful allies to thwart US regional interests.
- Iran would increase its support to pro-Iranian Shia insurgent groups in Afghanistan, mainly in the form of small arms, training, and money. []

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Iraq. Any government that succeeded the Saddam Husayn regime would concentrate on consolidating its domestic political position, probably by relying heavily on repression. It most likely would be military, secular, and predominantly Sunni, and its survival would depend on the cohesion of the military and continued Gulf Arab financial support. High priority would be given to rebuilding the economy and keeping the military strong. []

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At least initially, a secular or military government probably would follow a foreign policy line similar to that of the Husayn regime. It would maintain its military supply relationship with the Soviet Union, but would likely continue also to expand ties to the West, encourage foreign investment, and increase the stake of Western nations in Iraq's security. We would not expect Baghdad to try to subvert Gulf Arab regimes, although it would take a more assertive stand toward these states than it has in recent years. []

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Persian Gulf States and Oil Supplies. We do not believe that the political stability of the Gulf states would be threatened in the immediate aftermath of a limited Iranian victory, although political

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unrest within Gulf Shia communities probably would increase. Gulf leaders, fearing Iran would move next against them, probably would strengthen their conventional military and internal security capabilities and seek outside allies. At the same time, they would seek improved relations with Tehran as a form of insurance. If hostilities developed between Iran and any of the smaller GCC states, we would expect Saudi Arabia to become involved militarily and request US assistance. []

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Following a limited victory, Iran and Iraq almost certainly would try to increase oil production. To prevent a fall in prices, Tehran would be likely to pressure Saudi Arabia and Kuwait to reduce exports. We do not believe Riyadh or Kuwait would oblige, and Tehran could sabotage Kuwaiti oil facilities. Tehran has only limited ability to stage and sustain a successful interdiction or sabotage campaign against Saudi exports. []

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Middle East Politics. An Iranian victory that left a Sunni regime in Baghdad probably would not alter existing political alignments in the Middle East but would accelerate some trends already under way:

- We would expect regional attention to shift back to the Arab-Israeli arena. Iran would be likely to increase support for radical Islamic and Palestinian groups, particularly in Lebanon. Israel would respond by bolstering its allied Army of South Lebanon and, when necessary, sending in additional Israeli forces for limited periods.
- Tehran also would be likely to step up its support to pro-Iranian Shia insurgent groups in Afghanistan, mainly in the form of small-arms delivery, training, and logistic assistance. The Iranian contribution would not significantly threaten the Soviet position.
- Syrian-Iranian ties would survive a limited victory, but conflicting foreign policy interests would reduce cooperation in some areas, particularly in Lebanon.
- Arab moderates probably would continue to close ranks and enhance political and security ties.
- Radical Islamic forces would be emboldened throughout the Middle East, and some antiregime activities probably would occur in Bahrain, Kuwait, Egypt, Syria, and Jordan. []

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Soviet Union. A limited Iranian victory would undercut Soviet influence in Baghdad, make Tehran less likely to improve relations with Moscow, and deal another blow to Soviet credibility as an ally. The Soviet Union would face a dilemma: balancing its desire to improve its position in Tehran against a wish to take advantage of an unstable

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situation to enhance its relations with the Arab states of the Gulf. Soviet attempts to capitalize on the Gulf states' fear of Iran by offering security assistance to them probably would meet with only limited success. In the event of greatly increased Iranian activism in Afghanistan, Moscow would be likely to respond with military pressure along the Iranian border or intrigue in Azerbaijani or Kurdish Iran. []

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If the United States increased its military presence in the Persian Gulf region following a limited Iranian victory, Moscow probably would respond by attempting to increase its military presence or profile in Iraq, Syria, or the Indian Ocean. The Soviets also would be likely to offer Tehran intelligence on US naval movements and some weaponry. []

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United States. Any Iranian victory would, in some measure, threaten US interests in the Middle East because it would invigorate anti-US forces, menace the stability of moderate pro-Western Arab governments, and make possible the partial disruption of Persian Gulf oil exports. US interests would be most threatened by the likely rise in Islamic fundamentalism and any resulting instability in Bahrain, Kuwait, and Egypt. Tehran probably would remain hostile to the United States for at least several years and would seize opportunities to weaken US influence in the region. []

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The damage to US interests would be considerably offset if:

- The Soviets lost influence in Iraq without compensatory gain in Iran and the Gulf.
- The Gulf regimes moved to strengthen their security ties to the United States, and the moderate Arab states worked more closely together.
- Increased Iranian support to the Afghan insurgents harmed Soviet interests in Afghanistan without thwarting US policy objectives. []

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Total Victory

In the unlikely event that Iran achieved a total victory over Iraq and was able to set up a puppet Shia regime in Baghdad, Iran would loom as a much greater threat to the political stability of nearby Arab states, the flow of Persian Gulf oil, Israeli security, and both US and Soviet interests. A total Iranian victory also would significantly increase the chance of a superpower confrontation in the region. []

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Iran. The political position of Iranian hardliners would be significantly strengthened by a total victory, and they would be able to push successfully within the government for an acceleration of the export of

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the Islamic revolution to other countries. Iran probably would quickly step up its support and subversive training for various antiregime groups throughout the Gulf and lend logistic support and financial support to terrorist activities. Total victory also would lead Tehran to adopt more aggressive policies in Lebanon and to engage in more terrorist attacks against Israeli interests. [REDACTED]

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Iraq. Most analysts believe an Iranian-imposed Shia regime would face strong and protracted opposition from various ethnic and religious groups and would have a less than even chance of maintaining itself in power for more than a year. Others believe that a total Iranian victory could only occur after Iraq's military had crumbled and the bulk of its military and political leadership had fled. Under such circumstances an Iranian-supported Shia regime, buoyed by popular Shia fervor, would have a fair chance of remaining in power. The likelihood of either of these scenarios occurring would depend on the circumstances of the Iraqi defeat and the nature of the new regime in Baghdad.

In the area of foreign policy, such a regime would, at least initially, be largely responsive to Iranian policy. We do not believe it would seek close relations with either the United States or the Soviet Union and it probably would be unsuccessful in forging close ties to any Arab state.

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While very unlikely, it is possible that a total Iranian victory could lead to the disintegration of Iraq as a single sovereign state. A defeated Iraq could split into separate entities—perhaps an Iranian-supported Shia state in the south, an emasculated Sunni state in the central region, and a contested Kurdish area in the north, possibly leading to significant Turkish involvement [REDACTED]

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Persian Gulf States and Oil Supplies. Any Iranian victory would tend to foster closer military and security ties between the United States and some Arab states of the Persian Gulf as these states would perceive themselves vulnerable to Iranian aggression. After a total victory and perhaps the threat of imminent invasion, Saudi Arabia and some Gulf states would be likely to allow the pre-positioning of US military equipment on its territory and grant the United States limited access to military facilities. At the same time, the Gulf states would be faced with sharp increases in Islamic fervor and domestic Shia unrest, and we believe the political stability of Bahrain and Kuwait would be threatened. [REDACTED]

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A total Iranian victory would give Tehran increased influence within OPEC as it would control Iraqi production and Kuwait probably would be intimidated into reducing exports. Tehran's control of about 7 million b/d of productive capacity of Iran, Iraq, and perhaps Kuwait would

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have wide-ranging political implications, enhancing Iran's political clout in the international arena. Nevertheless, Iran would need Saudi cooperation to have a significant effect on the oil market. []

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Middle East Politics. A total Iranian victory would be likely to alter political alignments in the Middle East, prompt serious domestic unrest in several states, and increase chances of hostilities between Iran and regional states:

- A total victory would encourage Iran to step up support for various antiregime groups throughout the Gulf, accelerate the expansion of subversive cells in Gulf Shia communities, and lend logistic and financial support to terrorist activities. The risk of Iranian military action would increase. Although Tehran would focus its efforts on Kuwait and Bahrain—the two Gulf states with the largest proportional Shia populations—Iranian leaders also would try to foment unrest among the 400,000 Shias in Saudi Arabia's Eastern Province. Riyadh could cope with this unrest.
- We believe Syrian-Iranian ties would weaken considerably in the event Iran scores a total victory. Damascus would view a Shia regime in Baghdad allied with Tehran as a serious security and military threat to Syria's secular government as well as to Jordan and Gulf Arab regimes. Nonetheless, we cannot discount the possibility that some aspects of the Syrian-Iranian relationship would survive in the immediate aftermath of a total Iraqi defeat.
- Islamic forces would be significantly strengthened in Egypt, and serious domestic unrest probably would result. The ability of the Mubarak regime to handle such unrest would be uncertain.
- Increased Iranian assistance to Shia groups in Lebanon that altered the security situation along Israel's northern border probably would prompt Israel to increase its military presence in Lebanon and strengthen its northern border defenses. []

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Soviet Interests. The Soviets would face a dilemma of whether to oppose or accommodate Tehran. US actions would play an important part in Soviet thinking. Moscow would view a total Iranian victory as a major blow to its regional interests, and it would move quickly to strengthen Syria's military position. Although the Soviets would still try to improve ties to Tehran, they also would be more likely to send a cautionary signal, such as troop movements on their joint border, to warn Iran against making a military move against another country. In the unlikely event Iran moved militarily against Syria, we would expect the Soviets to intervene directly to support Damascus. []

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US Interests. A total Iranian victory also would pose a serious threat to US interests, as resulting domestic unrest would threaten some moderate pro-Western regimes. Any requests for increased US military assistance and presence from moderate Arab states would significantly raise the potential for US involvement in the region. At the same time, we would expect Tehran to increase its aggressive activities gradually as a way to determine when and how the United States would intervene.

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